Senate



General Assembly

File No. 205

February Session, 2018

Substitute Senate Bill No. 1

Senate, April 4, 2018

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The Committee on Labor and Public Employees reported through SEN. GOMES of the 23rd Dist. and SEN. MINER of the 30th Dist., Chairpersons of the Committee on the part of the Senate, that the substitute bill ought to pass.

AN ACT CONCERNING EARNED FAMILY AND MEDICAL LEAVE.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

- Section 1. (NEW) (*Effective from passage*) As used in this section and sections 2 to 13, inclusive, of this act:
 - (1) "Covered employee" means an individual who (A) (i) has earned not less than two thousand three hundred twenty-five dollars from one or more employers during the employee's highest earning quarter within the five most recently completed calendar quarters, and (ii) is employed by an employer or not currently employed, (B) is a self-employed person or sole proprietor who is enrolled in the Family and
- 8 employed person or sole proprietor who is enrolled in the Family and
- 9 Medical Leave Insurance Program pursuant to section 8 of this act, or
- 10 (C) is a member of a collective bargaining unit that has negotiated
- inclusion in the program, in accordance with chapter 68 of the general
- statutes or sections 7-467 to 7-477, inclusive, of the general statutes;
- 13 (2) "Administrator" means the Labor Department;

- 14 (3) "Employ" means to allow or permit to work;
- 15 (4) "Employee" means any person engaged in service to an employer 16 in the state in the business of the employer and shall include a self-17 employed person or sole proprietor in the state who elects coverage
- 18 under section 8 of this act;
- 19 (5) "Employer" means a person engaged in any activity, enterprise 20 or business who employs two or more employees, and includes any 21 person who acts, directly or indirectly, in the interest of an employer to 22 any of the employees of such employer and any successor in interest of 23 an employer, and shall not include the state or a municipality, a local 24 or regional board of education or a nonpublic elementary or secondary 25 school, except when a collective bargaining unit negotiates inclusion of 26 the members of that collective bargaining unit in the program, in 27 accordance with chapter 68 of the general statutes or sections 7-467 to 28 7-477, inclusive, of the general statutes. The number of employees of 29 an employer shall be determined by the administrator on October first 30 annually;
- 31 (6) "Family and medical leave compensation" or "compensation" 32 means the paid leave provided to covered employees from the Family 33 and Medical Leave Insurance Trust Fund;
- (7) "Family and Medical Leave Insurance Program" or "program"
 means the program established pursuant to section 2 of this act;
- 36 (8) "Family and Medical Leave Insurance Trust Fund" or "trust" 37 means the trust fund established pursuant to section 3 of this act; and
- 38 (9) "Person" means one or more individuals, partnerships, 39 associations, corporations, limited liability companies, business trusts, 40 legal representatives or any organized group of persons.
- Sec. 2. (NEW) (Effective from passage) (a) (1) There is established a Family and Medical Leave Insurance Program. The program shall be administered by the administrator and shall offer up to twelve workweeks of family and medical leave compensation to covered

employees during any twelve-month period. The program shall offer two additional weeks of family and medical leave compensation to covered employees if there is a serious health condition during a pregnancy that results in incapacitation.

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- (2) Notwithstanding subdivision (1) of this subsection, if employee contributions are the maximum allowed pursuant to subsection (c) of this section and the administrator determines that employee contributions are not sufficient to ensure solvency of the program, the administrator shall reduce the aggregate number of days or weeks offered to covered employees to levels that ensure the program's solvency and allow benefits to be provided pursuant to subsection (d) of this section.
- (b) On or before July 1, 2020, the administrator shall begin collecting contributions to the Family and Medical Leave Insurance Trust Fund, established pursuant to section 3 of this act and, on and after July 1, 2021, shall begin to provide compensation to covered employees. For the purposes of this section and sections 3 to 13, inclusive, of this act, the administrator shall have the power to (1) determine whether an individual meets the requirements for compensation under this section; (2) require a covered employee's claim for compensation pursuant to this section be supported by certification pursuant to section 31-51mm and subsection (d) of section 31-51ss of the general statutes, as amended by this act; (3) examine or cause to be produced or examined, any books, records, documents, contracts or other papers relevant to the eligibility of a covered employee; (4) summon and examine under oath such witnesses as may provide information relevant to a covered employee's claim for family and medical leave compensation; (5) establish procedures and forms for the filing of claims for compensation, including the certification required for establishing eligibility for such compensation; and (6) ensure the confidentiality of records and documents relating to medical certifications, recertifications or medical histories of covered employees or covered employees' family members pursuant to section 31-5100 of the general statutes, as amended by this act.

(c) Each employee shall contribute a percentage of his or her weekly earnings to the Family and Medical Leave Insurance Trust Fund, in a manner and form as prescribed by the administrator pursuant to section 6 of this act, provided such percentage shall not exceed one-half of one per cent. The amount of earnings subject to contributions for a given year shall not exceed the Social Security contribution and benefit base, as determined pursuant to 42 USC 430, as amended from time to time, and shall be utilized to provide compensation to covered employees pursuant to this subsection and subsections (d) to (f), inclusive, of this section.

- (d) (1) The weekly compensation offered to covered employees shall be one hundred per cent of a covered employee's weekly earnings. The weekly compensation shall not exceed one thousand dollars. If the Internal Revenue Service determines that family and medical leave compensation is subject to federal income tax and a covered employee elects to have federal income tax deducted and withheld from his or her compensation, the administrator shall deduct and withhold the amount specified in the United States Internal Revenue Code in a manner consistent with the state law.
- (2) Effective July 1, 2022, and not later than each July fifteenth thereafter, the Labor Commissioner shall announce an adjustment to the maximum compensation established pursuant to subdivision (1) of this subsection that shall be equal to the percentage increase between the last complete calendar year and the previous calendar year in the consumer price index for urban wage earners and clerical workers in the northeast urban area of New York-Northern New Jersey-Long Island, NY-NJ-CT-PA, with no seasonal adjustment, as calculated by the United States Department of Labor's Bureau of Labor Statistics, with the amount of the maximum compensation increase rounded to the nearest five cents. The maximum compensation plus the adjustment announced by the Labor Commissioner on July fifteenth shall become the new maximum compensation and shall be effective on the January first immediately following.

(e) A covered employee shall receive compensation under this section for leave taken for one or more of the reasons listed in subparagraphs (A) to (E), inclusive, of subdivision (2) of subsection (a) of section 31-51ll of the general statutes, as amended by this act, or the reasons listed in subsection (i) of said section or section 31-51ss of the general statutes, as amended by this act, provided such covered employee (1) provides notice to the administrator, and such covered employee's employer, if applicable, of the need for such compensation in a form and a manner as prescribed by the administrator, and (2) upon the request of the administrator, provides certification of such covered employee's need for compensation in accordance with the provisions of section 31-51mm of the general statutes, as amended by this act, to the administrator and such employer, if applicable.

- (f) A covered employee may receive compensation under this section for nonconsecutive hours of leave provided such leave shall not amount to less than eight hours of leave in any workweek. If family and medical leave benefits are taken for eight hours or more, but for less than one full week, such hourly compensation shall be determined on a pro rata basis at the discretion of the administrator.
- (g) A covered employee may receive compensation under this section concurrently with any employer-provided employment benefits, provided the total compensation of such covered employee during such period of leave shall not exceed such covered employee's regular rate of compensation.
- (h) No covered employee shall receive compensation under this section concurrently with the provisions of chapter 567 or 568 of the general statutes or any other state or federal program that provides wage replacement.
- (i) Any moneys expended from the General Fund for the purpose of
 (1) administering the Family and Medical Leave Insurance Program, or
 (2) providing compensation to covered employees shall be reimbursed
 to the General Fund by the administrator not later than October 1,
 2021.

Sec. 3. (NEW) (Effective from passage) (a) There is established a fund to be known as the "Family and Medical Leave Insurance Trust Fund" the purpose of which shall be to provide family and medical leave compensation to covered employees. The Family and Medical Leave Insurance Trust Fund shall be a nonlapsing fund held by the State Treasurer separate and apart from all other moneys, funds and accounts. Investment earnings credited to the trust shall become part of the trust.

- (b) The trust shall constitute an instrumentality of the state and shall perform essential governmental functions, in accordance with the provisions of this section. The trust shall receive and hold all payments and deposits and premiums intended for the trust, as well as gifts, bequests, endowments or federal, state or local grants and any other funds from any public or private source and all earnings until disbursed in accordance with the provisions of this section.
- (c) The amounts on deposit in the trust shall not constitute property of the state and the trust shall not be construed to be a department, institution or agency of the state. Amounts on deposit in the trust shall not be commingled with state funds and the state shall have no claim to or against, or interest in, such funds. Any contract entered into by or any obligation of the trust shall not constitute a debt or obligation of the state and the state shall have no obligation to any designated beneficiary or any other person on account of the trust and all amounts obligated to be paid from the trust shall be limited to amounts available for such obligation on deposit in the trust. The trust shall continue in existence as long as it holds any deposits or has any obligations and until its existence is terminated by law and upon termination any unclaimed assets shall return to the state. Property of the trust shall be governed by section 3-61a of the general statutes.
- (d) The State Treasurer shall be responsible for the receipt and investment of moneys held by the trust. The trust shall not receive deposits in any form other than cash. No depositor or designated beneficiary may direct the investment of any contributions or amounts

held in the trust other than the specific fund options provided for by the trust.

- (e) The assets of the trust shall be used for the purpose of distributing family and medical leave compensation to covered employees, educating and informing individuals about the program and paying the operational, administrative and investment costs of the trust, including those incurred pursuant to section 6 of this act.
- Sec. 4. (NEW) (*Effective from passage*) The State Treasurer, on behalf of the Family and Medical Leave Insurance Trust Fund and for purposes of the trust, shall:
- 188 (1) Receive and invest moneys in the trust in any instruments, 189 obligations, securities or property in accordance with sections 3 and 5 190 of this act;
- 191 (2) Procure insurance as the State Treasurer deems necessary to 192 protect the trust's property, assets, activities or deposits or 193 contributions to the trust; and
- 194 (3) Apply for, accept and expend gifts, grants or donations from public or private sources to carry out the objectives of the trust.

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Sec. 5. (NEW) (Effective from passage) The State Treasurer shall invest the amounts on deposit in the Family and Medical Leave Insurance Trust Fund in a manner reasonable and appropriate to achieve the objectives of the trust, exercising the discretion and care of a prudent person in similar circumstances with similar objectives. The State Treasurer shall give due consideration to rate of return, risk, term or maturity, diversification of the total portfolio within the trust, liquidity, the projected disbursements and expenditures and the expected payments, deposits, contributions and gifts to be received. The State Treasurer shall not require the trust to invest directly in obligations of the state or any political subdivision of the state or in any investment or other fund administered by the State Treasurer. The assets of the trust shall be continuously invested and reinvested in a

209 manner consistent with the objectives of the trust until disbursed upon

- order of the administrator or expended on expenses incurred by the
- 211 operations of the trust.
- Sec. 6. (NEW) (Effective from passage) The administrator, in
- 213 consultation with the State Treasurer and the Department of Revenue
- 214 Services, shall establish the procedures necessary to implement the
- 215 Family and Medical Leave Insurance Program. The administrator
- 216 shall:
- 217 (1) Design, establish and operate the program to ensure
- 218 transparency in the management of the program and the Family and
- 219 Medical Leave Insurance Trust Fund through oversight and ethics
- 220 review of plan fiduciaries;
- 221 (2) Design and establish the process by which employees shall
- 222 contribute a portion of their salary or wages to the trust. Such process
- shall include, but not be limited to, the creation of an information
- 224 packet including the necessary paperwork for an employee to
- 225 participate in the program pursuant to section 8 of this act;
- 226 (3) Evaluate and establish the process by which employers may
- credit employee premiums to the trust through payroll deposit;
- 228 (4) Determine the amount of employee contributions necessary to
- 229 ensure solvency of the program, provided total contributions shall not
- 230 be less than four million dollars per month;
- 231 (5) Ensure that contributions to the trust collected from employees
- shall not be used for any purpose other than to provide compensation
- 233 to covered employees or to satisfy any expenses, including employee
- 234 costs, incurred to implement, maintain, advertise and administer the
- 235 program;
- 236 (6) Establish and maintain a secure Internet web site that displays all
- 237 public notices issued by the administrator and such other information
- as the administrator deems relevant and necessary for the education of
- 239 the public regarding the program; and

(7) Not later than January 1, 2019, submit a report, in accordance with the provisions of section 11-4a of the general statutes, to the General Assembly regarding any recommendations for legislative action that may be necessary for the implementation of the program.

- Sec. 7. (NEW) (Effective January 1, 2020) The administrator, in consultation with the State Treasurer, shall conduct a public education campaign to inform individuals and employers about the Family and Medical Leave Insurance Program. Such campaign shall include, but not be limited to, information about the requirements for receiving family and medical leave compensation, how to apply for such compensation and the circumstances for which such compensation may be available. The administrator may use funds contributed to the Family and Medical Leave Insurance Trust Fund for purposes of the public education campaign. Information distributed or made available under the campaign shall be available in English and Spanish and in any other language as prescribed by the administrator.
- Sec. 8. (NEW) (Effective from passage) (a) A self-employed person or sole proprietor, upon application to the administrator, in a form and manner as prescribed by the administrator, may enroll in the Family and Medical Leave Insurance Program, provided such self-employed person or sole proprietor is enrolled in the program for an initial period of not less than three years. Such self-employed person or sole proprietor may reenroll in the program for a subsequent period, or periods, of not less than one year, provided (1) such self-employed person or sole proprietor provides written notice of such reenrollment to the administrator, and (2) such reenrollment begins immediately following a period of participation in the program.
- (b) A self-employed person or sole proprietor may withdraw from the program upon submitting written notice to the administrator not less than thirty days prior to the expiration of the initial enrollment period, or at such other times as the administrator may prescribe by rule.

Sec. 9. (NEW) (Effective from passage) Any covered employee, or self-

employed person or sole proprietor participating in the program, aggrieved by a denial of compensation under the Family and Medical Leave Insurance Program may file a complaint with the Labor Commissioner. Upon receipt of any such complaint, the commissioner shall hold a hearing. After the hearing, the commissioner shall send each party a written copy of the commissioner's decision. The commissioner may award the covered employee, or self-employed person or sole proprietor, all appropriate relief, including any compensation or benefits to which the employee otherwise would have been eligible if such denial had not occurred. Any party aggrieved by the decision of the commissioner may appeal the decision to the Superior Court in accordance with the provisions of chapter 54 of the general statutes.

Sec. 10. (NEW) (Effective July 1, 2021) Each employer shall, at the time of hiring, and annually thereafter, provide notice to each of the employer's employees (1) of the entitlement to family and medical leave under sections 31-51kk to 31-51qq, inclusive, of the general statutes, as amended by this act, and 31-51ss of the general statutes and the terms under which such leave may be used, (2) that retaliation by the employer against the employee for requesting, applying for or using family and medical leave for which the employee is eligible is prohibited, and (3) that the employee has a right to file a complaint with the Labor Commissioner for any violation of said sections. The Labor Commissioner may adopt regulations, in accordance with chapter 54 of the general statutes, to establish additional requirements concerning the means by which employers shall provide such notice.

Sec. 11. (NEW) (Effective from passage) (a) Any individual or covered employee participating in the program who wilfully makes a false statement or misrepresentation regarding a material fact, or wilfully fails to report a material fact, to obtain family and medical leave compensation shall be disqualified from receiving any compensation under the program for one year.

(b) If family and medical leave compensation is paid to an

individual or covered employee erroneously or as a result of wilful misrepresentation by such individual or covered employee, or if a claim for family and medical leave compensation is rejected after compensation is paid, the administrator may seek repayment of benefits from the individual or covered employee having received such compensation. The Labor Commissioner may, in his or her discretion, waive, in whole or in part, the amount of any such payments where the recovery would be against equity and good conscience.

Sec. 12. (NEW) (*Effective from passage*) (a) The provisions of sections 2 to 13, inclusive, of this act are severable and if any provision is determined to contravene state or federal law, the remainder of sections 2 to 13, inclusive, of this act shall remain in full force and effect.

- (b) Nothing in sections 31-51kk to 31-51qq, inclusive, of the general statutes, as amended by this act, and 31-51ss of the general statutes or sections 2 to 13, inclusive, of this act, shall be construed to (1) prevent employers from providing any benefits that are more expansive than those provided for under said sections, (2) diminish any rights provided to any covered employee under the terms of the covered employee's employment or a collective bargaining agreement, or (3) preempt or override the terms of any collective bargaining agreement effective prior to the effective date of this section.
- Sec. 13. (NEW) (Effective from passage) Not later than July 1, 2022, and annually thereafter, the Labor Commissioner shall report, in accordance with section 11-4a of the general statutes, to the joint standing committees of the General Assembly having cognizance of matters relating to appropriations and the budgets of state agencies and labor, on (1) the projected and actual participation in the program, (2) the balance of the trust, (3) the size of employers at which covered employees are employed, (4) the reasons covered employees are receiving family and medical leave compensation, (5) the success of the administrator's outreach and education efforts, and (6) demographic

information of covered employees, including gender, age, town of residence and income level.

- Sec. 14. Section 31-51kk of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2021*):
- As used in sections 31-51kk to 31-51qq, inclusive, as amended by this act:
- (1) "Eligible employee" means an employee who has been employed
 (A) for at least [twelve] <u>six</u> months by the employer with respect to
 whom leave is requested; and (B) for at least [one thousand] <u>five</u>
 hundred hours of service with such employer during the twelvemonth period preceding the first day of the leave;
- 350 (2) "Employ" includes to allow or permit to work;

- 351 (3) "Employee" means any person engaged in service to an employer in the business of the employer;
 - (4) "Employer" means a person engaged in any activity, enterprise or business who employs [seventy-five] two or more employees, and includes any person who acts, directly or indirectly, in the interest of an employer to any of the employees of such employer and any successor in interest of an employer, [but] and shall not include the state, or a municipality, a local or regional board of education, or a [private or parochial] nonpublic elementary or secondary school. The number of employees of an employer shall be determined on October first annually;
 - (5) "Employment benefits" means all benefits provided or made available to employees by an employer, including group life insurance, health insurance, disability insurance, sick leave, annual leave, educational benefits and pensions, regardless of whether such benefits are provided by practice or written policy of an employer or through an "employee benefit plan", as defined in Section 1002(3) of Title 29 of the United States Code;

369 (6) "Grandchild" means a grandchild related to a person by (A) blood, (B) marriage, or (C) adoption by a child of the grandparent; 370

- 371 (7) "Grandparent" means a grandparent related to a person by (A) 372 blood, (B) marriage, or (C) adoption of a minor child by a child of the 373 grandparent;
- 374 [(6)] (8) "Health care provider" means (A) a doctor of medicine or 375 osteopathy who is authorized to practice medicine or surgery by the 376 state in which the doctor practices; (B) a podiatrist, dentist, 377 psychologist, optometrist or chiropractor authorized to practice by the 378 state in which such person practices and performs within the scope of the authorized practice; (C) an advanced practice registered nurse, 379 380 nurse practitioner, nurse midwife or clinical social worker authorized 381 to practice by the state in which such person practices and performs 382 within the scope of the authorized practice; (D) Christian Science 383 practitioners listed with the First Church of Christ, Scientist in Boston, 384 Massachusetts; (E) any health care provider from whom an employer 385 or a group health plan's benefits manager will accept certification of 386 the existence of a serious health condition to substantiate a claim for 387 benefits; (F) a health care provider as defined in subparagraphs (A) to 388 (E), inclusive, of this subdivision who practices in a country other than 389 the United States, who is licensed to practice in accordance with the 390 laws and regulations of that country; or (G) such other health care 391 provider as the Labor Commissioner determines, performing within 392 the scope of the authorized practice. The commissioner may utilize any determinations made pursuant to chapter 568; 393
 - [(7)] (9) "Parent" means a biological parent, foster parent, adoptive parent, stepparent, parent-in-law or legal guardian of an eligible employee or an eligible employee's spouse, or an individual [who stood] standing in loco parentis to an eligible employee; [when the employee was a son or daughter;]

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399 [(8)] (10) "Person" means one or more individuals, partnerships, 400 associations, corporations, business trusts, legal representatives or organized groups of persons;

[(9)] (11) "Reduced leave schedule" means a leave schedule that reduces the usual number of hours per workweek, or hours per workday, of an employee;

- [(10)] (12) "Serious health condition" means an illness, injury, impairment, or physical or mental condition that involves (A) inpatient care in a hospital, hospice, nursing home or residential medical care facility; or (B) continuing treatment, including outpatient treatment, by a health care provider;
- 410 (13) "Sibling" means a brother or sister related to a person by (A)
 411 blood, (B) marriage, or (C) adoption by a parent of the person;
- [(11)] (14) "Son or daughter" means a biological, adopted or foster child, stepchild, legal ward, or, in the alternative, a child of a person standing in loco parentis; [, who is (A) under eighteen years of age; or (B) eighteen years of age or older and incapable of self-care because of a mental or physical disability;] and
- [(12)] (15) "Spouse" means a [husband or wife, as the case may be] person to whom one is legally married.
- Sec. 15. Section 31-51*ll* of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2021*):
- 421 (a) (1) Subject to section 31-51mm, as amended by this act, an 422 eligible employee shall be entitled to a total of [sixteen] twelve 423 workweeks of leave during any [twenty-four-month] twelve-month period, such [twenty-four-month] twelve-month period to be 424 425 determined utilizing any one of the following methods: (A) 426 [Consecutive] A calendar [years] year; (B) any fixed [twenty-four-427 month] twelve-month period, such as [two] a consecutive fiscal [years] 428 year or a [twenty-four-month] twelve-month period measured forward 429 from an employee's first date of employment; (C) a [twenty-four-430 month] twelve-month period measured forward from an employee's 431 first day of leave taken under sections 31-51kk to 31-51qq, inclusive, as 432 amended by this act; or (D) a rolling [twenty-four-month] twelve

433 month period measured backward from an employee's first day of

- leave taken under sections 31-51kk to 31-51qq, inclusive, as amended
- by this act. Such employee may take up to two additional weeks of
- leave due to a serious health condition during a pregnancy that results
- 437 <u>in incapacitation</u>.
- (2) Leave under this subsection may be taken for one or more of the
- 439 following reasons:
- (A) Upon the birth of a son or daughter of the employee;
- 441 (B) Upon the placement of a son or daughter with the employee for adoption or foster care;
- 443 (C) In order to care for the spouse, [or a son,] sibling, son or
- daughter, [or] grandparent, grandchild, parent [of the employee,] or
- any other individual related by blood or whose close association with
- 446 the employee is the equivalent of a family member if such spouse,
- 447 [son,] sibling, son or daughter, [or] grandparent, grandchild, parent or
- any other individual related by blood or whose close association with
- 449 <u>the employee is the equivalent of a family member</u> has a serious health
- 450 condition;
- (D) Because of a serious health condition of the employee;
- (E) In order to serve as an organ or bone marrow donor; or
- 453 (F) Because of any qualifying exigency, as determined in regulations
- adopted by the United States Secretary of Labor, arising out of the fact
- 455 that the spouse, son, daughter or parent of the employee is on active
- 456 duty, or has been notified of an impending call or order to active duty,
- in the armed forces, as defined in subsection (a) of section 27-103.
- (b) Entitlement to leave under subparagraph (A) or (B) of
- subdivision (2) of subsection (a) of this section may accrue prior to the
- 460 birth or placement of a son or daughter when such leave is required
- because of such impending birth or placement.

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(c) (1) Leave under subparagraph (A) or (B) of subdivision (2) of subsection (a) of this section for the birth or placement of a son or daughter may not be taken by an employee intermittently or on a reduced leave schedule unless the employee and the employer agree otherwise. Subject to subdivision (2) of this subsection concerning an alternative position, subdivision (2) of subsection (f) of this section concerning the duties of the employee and subdivision (5) of subsection (b) of section 31-51mm, as amended by this act, concerning sufficient certification, leave under subparagraph (C) or (D) of subdivision (2) of subsection (a) or under subsection (i) of this section for a serious health condition may be taken intermittently or on a reduced leave schedule when medically necessary. The taking of leave intermittently or on a reduced leave schedule pursuant to this subsection shall not result in a reduction of the total amount of leave to which the employee is entitled under subsection (a) of this section beyond the amount of leave actually taken.

- (2) If an employee requests intermittent leave or leave on a reduced leave schedule under subparagraph (C), (D) or (E) of subdivision (2) of subsection (a) or under subsection (i) of this section that is foreseeable based on planned medical treatment, the employer may require the employee to transfer temporarily to an available alternative position offered by the employer for which the employee is qualified and that (A) has equivalent pay and benefits, and (B) better accommodates recurring periods of leave than the regular employment position of the employee, provided the exercise of this authority shall not conflict with any provision of a collective bargaining agreement between such employer and a labor organization which is the collective bargaining representative of the unit of which the employee is a part.
- (d) Except as provided in subsection (e) of this section, leave granted under subsection (a) of this section may consist of unpaid leave.
 - (e) (1) If an employer provides paid leave for fewer than [sixteen] twelve workweeks, the additional weeks of leave necessary to attain

the [sixteen] <u>twelve</u> workweeks of leave required under sections 5-248a and 31-51kk to 31-51qq, inclusive, <u>as amended by this act</u>, may be provided without compensation <u>or with compensation through the</u> Family and Medical Leave Insurance Program established pursuant to section 2 of this act.

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- (2) (A) An eligible employee may elect [, or an employer may require the employee,] to substitute any of the accrued paid vacation leave, personal leave or family leave of the employee for leave provided under subparagraph (A), (B) or (C) of subdivision (2) of subsection (a) of this section for any part of the [sixteen-week] twelve-week period of such leave under said subsection or under subsection (i) of this section for any part of the twenty-six-week period of such leave.
- 508 (B) An eligible employee may elect [, or an employer may require 509 the employee, to substitute any of the accrued paid vacation leave, 510 personal leave, or medical or sick leave of the employee for leave 511 provided under subparagraph (C), (D) or (E) of subdivision (2) of 512 subsection (a) of this section for any part of the [sixteen-week] twelve-513 week period of such leave under said subsection or under subsection 514 (i) of this section for any part of the twenty-six-week period of leave, 515 except that nothing in section 5-248a or sections 31-51kk to 31-51qq, 516 inclusive, as amended by this act, shall require an employer to provide 517 paid sick leave or paid medical leave in any situation in which such 518 employer would not normally provide any such paid leave.
 - (f) (1) In any case in which the necessity for leave under subparagraph (A) or (B) of subdivision (2) of subsection (a) of this section is foreseeable based on an expected birth or placement of a son or daughter, the employee shall provide the employer with not less than thirty days' notice, before the date of the leave is to begin, of the employee's intention to take leave under said subparagraph (A) or (B), except that if the date of the birth or placement of a son or daughter requires leave to begin in less than thirty days, the employee shall provide such notice as is practicable.

(2) In any case in which the necessity for leave under subparagraph (C), (D) or (E) of subdivision (2) of subsection (a) or under subsection (i) of this section is foreseeable based on planned medical treatment, the employee (A) shall make a reasonable effort to schedule the treatment so as not to disrupt unduly the operations of the employer, subject to the approval of the health care provider of the employee or the health care provider of the spouse, sibling, son [,] or daughter, [spouse or] grandparent, grandchild, parent [of the employee] or any other individual related by blood or whose close association with the employee is the equivalent of a family member, as appropriate; and (B) shall provide the employer with not less than thirty days' notice, before the date the leave is to begin, of the employee's intention to take leave under said subparagraph (C), (D) or (E) or said subsection (i), except that if the date of the treatment requires leave to begin in less than thirty days, the employee shall provide such notice as is practicable.

(g) In any case in which [a husband and wife] two spouses entitled to leave under subsection (a) of this section are employed by the same employer, the aggregate number of workweeks of leave to which both may be entitled may be limited to [sixteen] twelve workweeks during any [twenty-four-month] twelve-month period, if such leave is taken: (1) Under subparagraph (A) or (B) of subdivision (2) of subsection (a) of this section; or (2) to care for a sick sibling, son or daughter, grandparent, grandchild, parent or any other individual related by blood or whose close association with the employee is the equivalent of a family member under subparagraph (C) of said subdivision. In any case in which [a husband and wife] two spouses entitled to leave under subsection (i) of this section are employed by the same employer, the aggregate number of workweeks of leave to which both may be entitled may be limited to twenty-six workweeks during any twelve-month period.

(h) Unpaid leave taken pursuant to sections 5-248a and 31-51kk to 31-51qq, inclusive, <u>as amended by this act</u>, shall not be construed to affect an employee's qualification for exemption under chapter 558.

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(i) Subject to section 31-51mm, as amended by this act, an eligible employee who is the spouse, son or daughter, parent or next of kin of a current member of the armed forces, as defined in section 27-103, who is undergoing medical treatment, recuperation or therapy, is otherwise in outpatient status or is on the temporary disability retired list for a serious injury or illness incurred in the line of duty shall be entitled to a one-time benefit of twenty-six workweeks of leave during any twelve-month period for each armed forces member per serious injury or illness incurred in the line of duty. Such twelve-month period shall commence on an employee's first day of leave taken to care for a covered armed forces member and end on the date twelve months after such first day of leave. For the purposes of this subsection, (1) "next of kin" means the armed forces member's nearest blood relative, other than the covered armed forces member's spouse, parent, son or daughter, in the following order of priority: Blood relatives who have been granted legal custody of the armed forces member by court decree or statutory provisions, brothers and sisters, grandparents, aunts and uncles, and first cousins, unless the covered armed forces member has specifically designated in writing another blood relative as his or her nearest blood relative or any other individual whose close association with the employee is the equivalent of a family member for purposes of military caregiver leave, in which case the designated individual shall be deemed to be the covered armed forces member's next of kin; and (2) "son or daughter" means a biological, adopted or foster child, stepchild, legal ward or child for whom the eligible employee or armed forces member stood in loco parentis and who is any age.

- (j) Leave taken pursuant to sections 31-51kk to 31-51qq, inclusive, <u>as</u> <u>amended by this act</u>, shall not run concurrently with the provisions of section 31-313.
- (k) Notwithstanding the provisions of sections 5-248a and 31-51kk to 31-51qq, inclusive, <u>as amended by this act</u>, all further rights granted by federal law shall remain in effect.

595 Sec. 16. Section 31-51mm of the general statutes is repealed and the 596 following is substituted in lieu thereof (*Effective July 1, 2021*):

- 597 (a) An employer may require that request for leave based on a 598 serious health condition in subparagraph (C) or (D) of subdivision (2) 599 of subsection (a) of section 31-51ll, as amended by this act, or leave 600 based on subsection (i) of section 31-51ll, as amended by this act, be supported by a certification issued by the health care provider of the eligible employee or of the spouse, sibling, son [,] or daughter, 602 603 [spouse] grandparent, grandchild, parent, [or] next of kin or any other individual related by blood or whose close association with the employee is the equivalent of a family member of the employee, as 606 appropriate. The employee shall provide, in a timely manner, a copy of 607 such certification to the employer.
- 608 (b) Certification provided under subsection (a) of this section shall 609 be sufficient if it states:
- 610 (1) The date on which the serious health condition commenced;
- 611 (2) The probable duration of the condition;

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- 612 (3) The appropriate medical facts within the knowledge of the 613 health care provider regarding the condition;
 - (4) (A) For purposes of leave under subparagraph (C) of subdivision (2) of subsection (a) of section 31-51ll, as amended by this act, a statement that the eligible employee is needed to care for the spouse, sibling, son [,] or daughter, [spouse or] grandparent, grandchild, parent or any other individual related by blood or whose close association with the employee is the equivalent of a family member and an estimate of the amount of time that such employee needs to care for the spouse, sibling, son [,] or daughter, [spouse or] grandparent, grandchild, parent or any other individual related by blood or whose close association with the employee is the equivalent of a family member; and (B) for purposes of leave under subparagraph (D) of subdivision (2) of subsection (a) of section 31-51ll, as amended

by this act, a statement that the employee is unable to perform the functions of the position of the employee;

- (5) In the case of certification for intermittent leave or leave on a reduced leave schedule for planned medical treatment, the dates on which such treatment is expected to be given and the duration of such treatment;
- (6) In the case of certification for intermittent leave or leave on a reduced leave schedule under subparagraph (D) of subdivision (2) of subsection (a) of section 31-51*ll*, as amended by this act, a statement of the medical necessity of the intermittent leave or leave on a reduced leave schedule, and the expected duration of the intermittent leave or reduced leave schedule;
 - (7) In the case of certification for intermittent leave or leave on a reduced leave schedule under subparagraph (C) of subdivision (2) of subsection (a) of section 31-51*ll*, as amended by this act, a statement that the employee's intermittent leave or leave on a reduced leave schedule is necessary for the care of the spouse, sibling, son [,] or daughter, grandparent, grandchild, parent [or spouse] or any other individual related by blood or whose close association with the employee is the equivalent of a family member who has a serious health condition, or will assist in their recovery, and the expected duration and schedule of the intermittent leave or reduced leave schedule; and
 - (8) In the case of certification for intermittent leave or leave on a reduced leave schedule under subsection (i) of section 31-51*ll*, <u>as amended by this act</u>, a statement that the employee's intermittent leave or leave on a reduced leave schedule is necessary for the care of the spouse, son or daughter, parent or next of kin who is a current member of the armed forces, as defined in section 27-103, who is undergoing medical treatment, recuperation or therapy, is otherwise in outpatient status or is on the temporary disability retired list, for a serious injury or illness incurred in the line of duty, and the expected duration and schedule of the intermittent leave or reduced leave schedule. For the

purposes of this subsection, "son or daughter" and "next of kin" have the same meanings as provided in subsection (i) of section 31-51*ll*, as amended by this act.

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- (c) (1) In any case in which the employer has reason to doubt the validity of the certification provided under subsection (a) of this section for leave under subparagraph (C) or (D) of subdivision (2) of subsection (a) or under subsection (i) of section 31-51*ll*, as amended by this act, the employer may require, at the expense of the employer, that the eligible employee obtain the opinion of a second health care provider designated or approved by the employer concerning any information certified under subsection (b) of this section for such leave.
- 670 (2) A health care provider designated or approved under 671 subdivision (1) of this subsection shall not be employed on a regular 672 basis by the employer.
 - (d) (1) In any case in which the second opinion described in subsection (c) of this section differs from the opinion in the original certification provided under subsection (a) of this section, the employer may require, at the expense of the employer, that the employee obtain the opinion of a third health care provider designated or approved jointly by the employer and the employee concerning the information certified under subsection (b) of this section.
 - (2) The opinion of the third health care provider concerning the information certified under subsection (b) of this section shall be considered to be final and shall be binding on the employer and the employee.
 - (e) The employer may require that the eligible employee obtain subsequent recertifications on a reasonable basis, provided the standards for determining what constitutes a reasonable basis for recertification may be governed by a collective bargaining agreement between such employer and a labor organization which is the collective bargaining representative of the unit of which the worker is a part if such a collective bargaining agreement is in effect. Unless

691 otherwise required by the employee's health care provider, the

- 692 employer may not require recertification more than once during a
- 693 thirty-day period and, in any case, may not unreasonably require
- recertification. The employer shall pay for any recertification that is not
- 695 covered by the employee's health insurance.
- Sec. 17. Section 31-5100 of the general statutes is repealed and the
- 697 following is substituted in lieu thereof (*Effective July 1, 2021*):
- Records and documents relating to medical certifications,
- recertifications or medical histories of employees or employees' family
- members, created for purposes of sections 5-248a and 31-51kk to 31-
- 701 51qq, inclusive, as amended by this act, and sections 2 to 13, inclusive,
- of this act shall be maintained as medical records pursuant to chapter
- 703 563a, except that: (1) Supervisors and managers may be informed
- regarding necessary restrictions on the work or duties of an employee
- and necessary accommodations; (2) first aid and safety personnel may
- be informed, when appropriate, if the employee's physical or medical
- 707 condition might require emergency treatment; and (3) government
- officials investigating compliance with sections 5-248a and 31-51kk to
- 709 31-51qq, inclusive, as amended by this act, and sections 2 to 13,
- 710 <u>inclusive</u>, of this act, or other pertinent law shall be provided relevant
- 711 information upon request.
- Sec. 18. Section 31-51pp of the general statutes is repealed and the
- 713 following is substituted in lieu thereof (*Effective July 1, 2021*):
- 714 (a) (1) It shall be a violation of sections 5-248a and 31-51kk to 31-
- 715 51qq, inclusive, as amended by this act, for any employer to interfere
- 716 with, restrain or deny the exercise of, or the attempt to exercise, any
- 717 right provided under said sections.
- 718 (2) It shall be a violation of sections 5-248a and 31-51kk to 31-51qq,
- 719 inclusive, as amended by this act, for any employer to discharge or
- 720 cause to be discharged, or in any other manner discriminate, against
- 721 any individual for opposing any practice made unlawful by said
- sections or because such employee has exercised the rights afforded to

- such employee under said sections.
- 724 (b) It shall be a violation of sections 5-248a and 31-51kk to 31-51qq, 725 inclusive, as amended by this act, for any person to discharge or cause
- 726 to be discharged, or in any other manner discriminate, against any
- 727 individual because such individual:
- 728 (1) Has filed any charge, or has instituted or caused to be instituted
- any proceeding, under or related to sections 5-248a and 31-51kk to 31-
- 730 51qq, inclusive, as amended by this act;
- 731 (2) Has given, or is about to give, any information in connection
- 732 with any inquiry or proceeding relating to any right provided under
- 733 said sections; or

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- 734 (3) Has testified, or is about to testify, in any inquiry or proceeding
- relating to any right provided under said sections.
- 736 (c) (1) It shall be a violation of sections 31-51kk to 31-51qq, inclusive,
- as amended by this act, for any employer to deny an employee the
- right to use up to two weeks of accumulated sick leave or to discharge,
- threaten to discharge, demote, suspend or in any manner discriminate
- against an employee for using, or attempting to exercise the right to use, up to two weeks of accumulated sick leave to attend to a serious
- 742 health condition of a spouse, sibling, son or daughter, [spouse or]
- 743 grandparent, grandchild, parent or any other individual related by
- 544 blood or whose close association with the employee is the equivalent
- of a family member of the employee, or for the birth or adoption of a
- son or daughter of the employee. For purposes of this subsection, "sick
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leave" means an absence from work for which compensation is

- 748 provided through an employer's bona fide written policy providing
- 749 compensation for loss of wages occasioned by illness, but does not
- 750 include absences from work for which compensation is provided
- 751 through an employer's plan, including, but not limited to, a short or
- long-term disability plan, whether or not such plan is self-insured.
- 753 (2) Any employee aggrieved by a violation of this subsection may

file a complaint with the Labor Commissioner alleging violation of the provisions of this subsection. Upon receipt of any such complaint, the commissioner shall hold a hearing. After the hearing, commissioner shall send each party a written copy of the commissioner's decision. The commissioner may award the employee all appropriate relief, including rehiring or reinstatement to the employee's previous job, payment of back wages and reestablishment of employee benefits to which the employee otherwise would have been eligible if a violation of this subsection had not occurred. Any party aggrieved by the decision of the commissioner may appeal the decision to the Superior Court in accordance with the provisions of chapter 54.

- (3) The rights and remedies specified in this subsection are cumulative and nonexclusive and are in addition to any other rights or remedies afforded by contract or under other provisions of law.
- Sec. 19. Section 31-51qq of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2020*):

- On or before [January 1, 1997] <u>July 1, 2020</u>, the Labor Commissioner shall adopt regulations, in accordance with the provisions of chapter 54, to establish procedures and guidelines necessary to implement the provisions of sections [5-248a and] 31-51kk to 31-51qq, inclusive, <u>as amended by this act</u>, and sections 2 to 13, inclusive, of this act, including, but not limited to, procedures for hearings and redress, including restoration and restitution, for an employee who believes that there is a violation by the employer of such employee of any provision of said sections. [In adopting such regulations, the commissioner shall make reasonable efforts to ensure compatibility of state regulatory provisions with similar provisions of the federal Family and Medical Leave Act of 1993 and the regulations promulgated pursuant to said act.]
- Sec. 20. (*Effective from passage*) (a) For the purposes described in this section, the State Bond Commission shall have the power, from time to time, to authorize the issuance of bonds of the state in one or more

series and in principal amounts not exceeding in the aggregate twenty million dollars.

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- (b) The proceeds of the sale of said bonds, to the extent of the amount stated in subsection (a) of this section, shall be used by the Labor Department for the purpose of the Family and Medical Leave Insurance Program established pursuant to section 2 of this act, provided (1) ten million dollars of the amount stated in subsection (a) of this section shall be used for start-up costs in fiscal year 2019, and (2) ten million dollars of the amount stated in subsection (a) of this section shall be used for start-up costs in fiscal year 2020.
- (c) All provisions of section 3-20 of the general statutes, or the exercise of any right or power granted thereby, which are not inconsistent with the provisions of this section are hereby adopted and shall apply to all bonds authorized by the State Bond Commission pursuant to this section, and temporary notes in anticipation of the money to be derived from the sale of any such bonds so authorized may be issued in accordance with said section 3-20 and from time to time renewed. Such bonds shall mature at such time or times not exceeding twenty years from their respective dates as may be provided in or pursuant to the resolution or resolutions of the State Bond Commission authorizing such bonds. None of said bonds shall be authorized except upon a finding by the State Bond Commission that there has been filed with it a request for such authorization which is signed by or on behalf of the Secretary of the Office of Policy and Management and states such terms and conditions as said commission, in its discretion, may require. Said bonds issued pursuant to this section shall be general obligations of the state and the full faith and credit of the state of Connecticut are pledged for the payment of the principal of and interest on said bonds as the same become due, and accordingly and as part of the contract of the state with the holders of said bonds, appropriation of all amounts necessary for punctual payment of such principal and interest is hereby made, and the State Treasurer shall pay such principal and interest as the same become due.

Sec. 21. Section 3-13c of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2018*):

823 Trust funds as used in sections 3-13 to 3-13e, inclusive, and 3-31b 824 shall be construed to include Connecticut Municipal Employees' 825 Retirement Fund A, Connecticut Municipal Employees' Retirement 826 Fund B, Soldiers, Sailors and Marines Fund, <u>Family and Medical Leave</u> 827 Insurance Trust Fund, State's Attorneys' Retirement Fund, Teachers' 828 Annuity Fund, Teachers' Pension Fund, Teachers' Survivorship and 829 Dependency Fund, School Fund, State Employees Retirement Fund, 830 the Hospital Insurance Fund, Policemen and Firemen Survivor's 831 Benefit Fund and all other trust funds administered, held or invested 832 by the State Treasurer.

This act shall take effect as follows and shall amend the following						
sections:						
Section 1	from passage	New section				
Sec. 2	from passage	New section				
Sec. 3	from passage	New section				
Sec. 4	from passage	New section				
Sec. 5	from passage	New section				
Sec. 6	from passage	New section				
Sec. 7	January 1, 2020	New section				
Sec. 8	from passage	New section				
Sec. 9	from passage	New section				
Sec. 10	July 1, 2021	New section				
Sec. 11	from passage	New section				
Sec. 12	from passage	New section				
Sec. 13	from passage	New section				
Sec. 14	July 1, 2021	31-51kk				
Sec. 15	July 1, 2021	31-51 <i>ll</i>				
Sec. 16	July 1, 2021	31-51mm				
Sec. 17	July 1, 2021	31-5100				
Sec. 18	July 1, 2021	31-51pp				
Sec. 19	July 1, 2020	31-51qq				
Sec. 20	from passage	New section				
Sec. 21	July 1, 2018	3-13c				

Statement of Legislative Commissioners:

In Section 2(c), the subsection references were changed for accuracy.

LAB Joint Favorable Subst.

The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 19 \$	FY 20 \$	FY 21 \$
Labor Dept.	GF - Cost	None	None	See Below
State Comptroller	GF - Cost	None	None	See Below
- Fringe Benefits ¹				
Treasurer	GF - Cost	Up to \$75,000	None	None
Treasurer, Debt	GF - Cost	None	Up to	Up to
Serv.			\$500,000	\$2,000,000
Labor Dept.	Family and	None	See Below	See Below
	Medical Leave			
	Insurance Trust			
	Fund - Cost /			
	Revenue			

Note: GF=General Fund

Municipal Impact:

Municipalities	Effect	FY 19 \$	FY 20 \$	FY 21 \$
Various	See Below	None	None	See Below
Municipalities				

Explanation

The bill establishes a Family and Medical Leave Insurance (FMLI) program and expands the state's current Family Medical Leave Act (FMLA) law as it applies to the private sector. This results in a significant annual state cost beginning as early as FY 19. The impacts are explained in detail below.

¹The fringe benefit costs for most state employees are budgeted centrally in accounts administered by the Comptroller. The estimated active employee fringe benefit cost associated with most personnel changes is 36.33% of payroll in FY 19 and FY 20.

FMLA Expansion

The bill expands the FMLA law by reducing, from 75 to two, the minimum number of employees that makes an employer subject to FMLA beginning July 1, 2021. The bill also extends allowable leave under FMLA to caring for grandparents, grandchildren, siblings, all other blood relatives, or those with a "close association... the equivalent of a family member" in addition to relatives covered under current law. In addition, the bill extends the durational limit of the benefits from 16 weeks every 24 months to 12 weeks every 12 months. The FMLA expansion aligns with the terms of the FMLI program.

Expanded FMLA Administrative Costs

The expansion of the existing FMLA program results in a cost to the Department of Labor (DOL) of \$408,990 beginning in FY 21 and associated with one Principal Attorney (\$100,000 for salary and \$36,330 for fringe costs), two Staff Attorneys (\$75,000 for salary and \$27,248 for fringe costs), and one Administrative Assistant (\$50,000 for salary and \$18,165 for fringe costs).

This estimate is based on the current costs for handling all FMLA inquiries and investigating complaints of alleged violation. There are currently approximately 2,900 employers with 839,000 employees covered by existing FMLA law; under the bill's FMLA expansion, an estimated 60,200 employers with approximately 1,286,000 employees would be covered.²

FMLI Program - Start-up Costs

The bill establishes the FMLI program to provide wage replacement benefits to covered employees taking leave under certain circumstances. The program will incur start up administrative costs to DOL of at least \$13.6 million prior to FY 21. The start-up costs include approximately \$4.7 million in salaries and fringe costs, \$7.7 million for information technology, \$776,700 for overhead and capital needs, and

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² Source: Department of Labor

\$340,000 for outreach and marketing. The bill includes authorization of \$20 million of General Obligation (GO) bonds (\$10 million in each of FY 19 and FY 20) for program start-up costs.

To the extent that the bonding authorized in the bill is fully allocated and expended, debt repayment of up to \$500,000 on the bonds could begin as early as FY 20. Total debt service costs for \$20 million of GO bonds issued at market rates in FY 19 and FY 20 is estimated to be approximately \$30 million between FY 20 and FY 40.

The bill results in one-time costs associated with the establishment of the FMLI Trust Fund of up to \$75,000, which includes funding for legal fees and asset allocation consultation. Though the bond funds are authorized for DOL's programmatic start-up costs, it is possible they will be allocated in such a manner as to allow their use for costs incurred by the Office of the State Treasurer.

If the bond funding for start-up costs is not sufficient for the various costs described above prior to FY 21, it is assumed the General Fund will cover the costs of the program until such time that FMLI Trust Fund revenues are sufficient. The bill specifies that any funds expended from the General Fund for the purpose of administering the FMLI program be reimbursed no later than October 1, 2021.³

FMLI Program - Ongoing Costs

There will be ongoing annual administrative and investment costs associated with the FMLI as a result of the bill. Beginning in FY 21, the ongoing administrative expenses are estimated to be at least \$18.6 million annually, including fringe benefits. The bill specifies the ongoing costs of administering the FMLI program are to be covered by the FMLI Trust Fund, which receives revenue from employee contributions as determined by the Labor Commissioner. Such

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³ This analysis assumes that the debt service costs associated with the bonds authorized within the bill will not be repaid by the FMLI Trust Fund, as the majority of the debt repayment would not be incurred until after the October 1, 2021 FMLI Trust Fund repayment date.

contributions are required to be collected by the start of FY 21. To the extent that there are ongoing administrative and investment costs prior to funding being available in the FMLI and prior to October 1, 2021, these costs will initially be paid through the General Fund before being reimbursed by the FMLI Trust Fund.

Administrative cost estimates are based on the costs identified in the "Implementing Paid Family and Medical Leave Insurance Connecticut" report undertaken by the Institute for Women's Policy Research pursuant to a contract with the Labor Department.⁴

FMLI State & Municipal Employee Impact

The bill excludes state and municipal employees from participation in the FMLI program. However, the bill allows employees excluded from the program to opt-in through collective bargaining. To the extent that otherwise excluded employees participate in the program through collective bargaining agreements, there is the potential for increased costs to their respective employers in FY 22 and beyond associated with the expansion of leave benefits and subject to the terms of the agreements that allow them to be part of that program. Any increased costs to the state or municipalities could potentially be mitigated by those entities during collective bargaining negotiation.

The Out Years

Ongoing costs for FMLI program administration and employee compensation are expected to be funded by revenues generated by employee contributions and the proceeds of investments of the resources of the FMLI Trust Fund beginning in FY 21.

The increased administrative cost for the expansion of existing FMLA benefits would begin in FY 22.

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⁴ Section 413 of PA 15-5 JSS required the Labor Commissioner to contract with a consultant to create an implementation plan for a paid family and medical leave program by October 1, 2015, including an actuarial analysis and report on the employee contribution level needed to ensure sustainable funding and administration for the program.

The annualized ongoing fiscal impact of FMLI and the expansion of FMLA would continue into the future subject to inflation.

OLR Bill Analysis sSB 1

AN ACT CONCERNING EARNED FAMILY AND MEDICAL LEAVE.

SUMMARY

This bill creates the Family and Medical Leave Insurance (FMLI) program to provide wage replacement benefits to certain employees taking leave under the state's Family and Medical Leave Act (FMLA) or the family violence leave law, as amended by the bill. It provides them with up to 12 weeks of FMLI benefits over a 12-month period in an amount equal to 100% of the employee's weekly earnings, up to a maximum of \$1,000 per week (or an inflation-adjusted equivalent). The program also provides two additional weeks of benefits for a serious health condition during pregnancy that results in incapacitation.

Under the bill, employees eligible for benefits ("covered employees") are:

- 1. people who earned at least \$2,325 from one or more employers during their highest earning quarter within the five most recently completed calendar quarters and are (a) employed by an employer with at least two employees or (b) unemployed and
- 2. sole practitioners and self-employed people who enroll in the program.

The bill generally excludes from participation employees of the state, municipalities, local or regional boards of education, or nonpublic elementary or secondary schools. However, state and municipal employees may participate if they collectively bargain to be included.

The bill requires the Department of Labor (DOL) to administer the FMLI program and, among other things, determine the amount that employees must contribute to the program to ensure (1) its solvency and (2) that total employee contributions are at least \$4 million per month. By July 1, 2020, DOL must begin collecting contributions from (1) all private-sector employees who work for employers with at least two employees, (2) the self-employed and sole proprietors who enroll in the program, and (3) state or municipal employees who have collectively bargained to participate in the program. The program must begin paying FMLI benefits by July 1, 2021.

The bill caps employee contributions at 0.5% of an employee's earnings. It also caps the amount of an employee's earnings subject to contributions at the amount of earnings subject to Social Security taxes (currently \$128,400). If employee contributions are not sufficient to ensure the program's solvency, DOL must reduce the aggregate number of days or weeks of benefits offered to levels that ensure the program's solvency.

The program is funded by employee contributions, although the bill also authorizes up to \$20 million in bonds (\$10 million in FY 19 and \$10 million in FY 20) to pay for the program's start-up costs. Any funds expended from the General Fund to administer the program or provide benefits must be reimbursed to the General Fund by October 1, 2021. The bill establishes the FMLI Trust Fund to hold employee contributions and pay for FMLI benefits and administrative costs.

Starting on July 1, 2021 (when the FMLI program begins paying benefits), the bill also changes various provisions of the state's FMLA, which generally require certain private-sector employers to provide unpaid leave to employees for various reasons related to their health or their family members' health. Among other things, it:

- 1. extends the FMLA to cover private-sector employers with at least two, rather than 75, employees;
- 2. lowers the employee work threshold to qualify for leave to (a)

six months of employment with their employer and (b) 500 work-hours with the employer during the 12 months preceding the leave (current law requires 12 months of employment and 1,000 work-hours);

- 3. changes the maximum FMLA leave allowed for currently covered private sector employees from 16 weeks over a 24-month period to 12 weeks over a 12-month period, and allows an additional two weeks of leave due to a serious health condition during pregnancy that results in incapacitation;
- 4. eliminates an employer's ability to require an employee taking FMLA leave to use his or her employer-provided paid sick time or other employer-provided paid leave;
- 5. adds to the family members for whom an employee can take FMLA leave to include the employee's siblings, grandparents, grandchildren, and anyone else related by blood or whose close association with the employee is the equivalent of a family member; and
- 6. requires employers to allow their employees to use up to two weeks of any employer-provided paid sick leave for the serious health condition of the employee's sibling, grandparent, and grandchild (including each of those related by marriage) and anyone else related by blood or whose close association with the employee is the equivalent of a family member.

The bill requires the labor commissioner to adopt regulations by July 1, 2020, to implement the FMLI program and the bill's changes to the FMLA. It also makes numerous minor and conforming changes.

EFFECTIVE DATE: Upon passage, except the provisions that (1) extend requirements for funds administered by the treasurer to the FMLI Trust Fund are effective July 1, 2018; (2) require DOL to conduct a public education campaign are effective January 1, 2020; (3) require the labor commissioner to adopt regulations are effective July 1, 2020;

and (4) establish employer notice requirements and affect the terms of the current family medical leave laws are effective July 1, 2021.

FAMILY AND MEDICAL LEAVE INSURANCE PROGRAM Administration (§§ 2, 6, 19, & 20)

The bill establishes the FMLI program and requires DOL to administer it. It authorizes DOL to do the following:

- 1. determine if a person is eligible for FMLI;
- 2. require a covered employee to provide certification from a health care provider or certain other documents related to family violence leave to support the employee's FMLI claim;
- 3. request and examine any books, records, documents, contracts, or other papers relevant to a covered employee's eligibility;
- 4. summon and examine under oath any witnesses that can provide information relevant to a covered employee's FMLI claim;
- 5. establish procedures and forms for filing FMLI claims; and
- ensure the confidentiality of records and documents related to medical certification, recertifications, or medical histories of covered employees and their family members, as required under the FMLA.

The bill also requires DOL, in consultation with the state treasurer and the Department of Revenue Services, to establish the procedures needed to implement the program. DOL must:

- 1. design, establish, and operate the program to ensure transparency in program management and the FMLI Trust Fund through oversight and ethics reviews of plan fiduciaries;
- 2. establish and maintain a secure Internet website that displays public notices from DOL and other information it deems

relevant and necessary to educate the public about the FMLI program; and

3. submit a report to the General Assembly by January 1, 2019, with recommendations for legislative action needed to implement the program.

The bill requires the labor commissioner, by July 1, 2020, to adopt regulations to establish the procedures and guidelines needed to implement the (1) FMLI program and (2) bill's related changes to the private-sector FMLA. The regulations must at least include procedures for hearings and redress, including restoration and restitution, for an employee who believes an employer has violated any of the bill's or these laws' provisions. Unlike the current regulations for private-sector FMLA and state employee family medical leave, the commissioner does not have to make reasonable efforts to ensure the regulations are compatible with the federal FMLA and its regulations.

The bill authorizes the State bond Commission to authorize an aggregate of up to \$20 million in general obligation bonds, with \$10 million of the proceeds to be used by DOL for the program's start-up costs in FY 19 and again in FY 20.

Employee Contributions (§§ 2 & 6)

The bill requires (1) DOL to begin collecting contributions to the FMLI Trust Fund by July 1, 2020 and (2) every employee who works for an employer with at least two employees and the self-employed and sole proprietors who opt in to the program to contribute a percentage of his or her weekly earnings to the trust fund in a manner the commissioner prescribes. "Employers" under the bill are private-sector employers with at least two employees, as annually determined by DOL on October 1. Employers do not include the state, municipalities, local or regional boards of education, or nonpublic elementary or secondary schools unless state or municipal employees collectively bargain to join the program. (Thus, state or municipal employees would not have to contribute unless they collectively

bargained to participate.)

The bill requires DOL to determine the amount of contributions necessary to ensure (1) the program's solvency and (2) that contributions total at least \$4 million per month. It caps an employee's contributions at 0.5% of his or her weekly earnings. It also uses the Social Security contribution and benefit base (i.e., amount of earnings subject to Social Security taxes, currently \$128,400) to cap the annual amount of an employee's earnings subject to contributions.

The bill also requires DOL to:

- 1. design and establish the process by which employees must contribute a portion of their salaries to the trust fund, including creating an information packet with the necessary paperwork for self-employed people or sole proprietors to participate;
- 2. evaluate and establish a process that allows employers to credit their employee's contributions to the trust fund through payroll deposit; and
- 3. ensure that contributions are only used to provide FMLI benefits and pay for the program's expenses, including employee costs and the costs of implementing, maintaining, advertising, and administering the program.

FMLI Benefits (§ 2)

The bill requires DOL, by July 1, 2021, to begin paying FMLI benefits to covered employees who file claims. The program must provide up to 12 weeks of FMLI benefits to covered employees during any 12-month period, plus two additional weeks of benefits for a serious health condition during a pregnancy that results in incapacitation.

Under the bill, a covered employee's weekly benefit is 100% of his or her weekly earnings, but it cannot be more than \$1,000 per week or an inflation adjusted equivalent. If employee contributions are at their

maximum allowed rate and DOL determines that they are insufficient to ensure the program's solvency, DOL must reduce the aggregate number of days or weeks of benefits offered to levels that ensure the program's solvency while maintaining this same level of benefits.

If the IRS determines that the benefits are subject to federal income taxes and the employee chooses to have the taxes withheld from the benefits, DOL must deduct and withhold the amount required by the U.S. Internal Revenue Code in a manner consistent with state law (in practice, the employee may not have a choice of whether to have taxes withheld, depending on the IRS's determination).

Starting July 1, 2022, and by July 15 each year, the bill requires the labor commissioner to annually announce an adjustment to the benefit cap based on the Consumer Price Index (CPI) for urban wage earners and clerical workers in the northeast urban area of New York-Northern New Jersey-Long Island, NY-NJ-CT-PA, with no seasonal adjustment, as calculated by the U.S. Bureau of Labor Statistics. The adjustment must be the CPI's percentage increase between the last complete calendar year and the previous calendar year, rounding the increase amount to the nearest five cents. The adjusted benefit cap takes effect on the following January first.

Benefit Uses (§§ 2 & 15)

The bill generally allows a covered employee to receive FMLI benefits for leave taken for the same reasons allowed under the state's FMLA, as amended by the bill, or family violence leave law. Under current law, these allow leave:

- 1. on the birth of the employee's son or daughter;
- 2. on the placement of a son or daughter with the employee for adoption or foster care;
- 3. for a spouse's, son's, daughter's, or parent's serious health condition;

- 4. for the employee's own serious health condition;
- 5. to serve as an organ or bone marrow donor;
- for certain family members who are armed forces members undergoing treatment for an injury or illness incurred in the line of duty; and
- 7. for family violence victims, to (a) seek medical care or psychological counseling, (b) obtain services from a victim services organization, (c) relocate because of family violence, or (d) participate in any civil or criminal proceeding related to, or resulting from, the family violence.

Since the bill also adds to the family members for whom an employee can take FMLA leave to include the employee's siblings, grandparents, grandchildren, and anyone else related by blood or whose close association with the employee is the equivalent of a family member, FMLI benefits will also be available for these types leave. (Although the FMLA allows leave under certain circumstances when certain family members are in the armed forces and on active duty or have been notified of an impending call or order to active duty, the bill does not provide FMLI benefits for employees on this type of leave.)

To qualify for benefits under the bill, an employee must notify DOL and his or her employer, if applicable, of the need for FMLI benefits. The department must determine the notice's form and manner. If DOL requests it, the employee must also provide a health care provider's certification as required under the FMLA law.

The bill allows an employee to receive benefits for nonconsecutive hours of leave, but limits the benefits to an eight-hour minimum in any workweek. If an employee takes benefits for at least eight hours but less than one week, the employee's hourly compensation must be determined on a pro rata basis at DOL's discretion.

The bill allows employees to receive FMLI benefits concurrently with any employer-provided employment benefits as long as their

total compensation while they are on leave does not exceed their regular compensation rate. Under the bill, no employees can receive FMLI benefits concurrently with unemployment compensation benefits or workers' compensation benefits.

Participation by Sole Proprietors and the Self-Employed (§ 8)

The bill allows someone who is self-employed or a sole proprietor to enroll in the FMLI program and includes them in its definition of "covered employees" and "employees." Such a person must apply to DOL for enrollment in the program in a form and manner the department prescribes. The person can enroll as long as he or she initially does so for at least three years. The person can re-enroll in the program for periods of at least one year if he or she provides written notice to DOL and the re-enrollment begins immediately after a subsequent period of participation in the program.

Under the bill, a sole proprietor or self-employed person can withdraw from the program by submitting a written notice to DOL (1) at least 30 days before his or her initial enrollment period expires or (2) at other times the department may prescribe by rule.

Complaints and Enforcement (§§ 9 & 11)

The bill allows an FMLI participant aggrieved by a denial of benefits to file a complaint with the labor commissioner. The commissioner must hold a hearing after receiving the complaint and must subsequently send each party a written copy of his decision. The commissioner may award the participant all appropriate relief, including any compensation or benefits to which the participant would have otherwise been eligible. Any party aggrieved by the commissioner's decision may appeal to the Superior Court under the Uniform Administrative Procedure Act.

Under the bill, anyone who willfully makes a false statement or misrepresentation regarding a material fact or willfully fails to report a material fact to obtain FMLI benefits is disqualified from receiving program benefits for one year. DOL can also seek repayment of any

benefits paid (1) erroneously, (2) due to willful misrepresentation, or (3) before a FMLI claim was rejected. The bill gives the labor commissioner discretion to waive any repayments, in whole or in part, when they would be against equity and good conscience.

§§ 3-5 & 21 — THE FMLI TRUST FUND

Trust Fund

The bill establishes the FMLI Trust Fund to provide FMLI benefits to covered employees taking leave under the FMLA or the family violence leave law, as amended by the bill. The trust's assets must be used for (1) FMLI benefits; (2) educating and informing people about the program; and (3) paying the trust's operational, administrative, and investment costs. It must be a non-lapsing fund held by the state treasurer separate and apart from all other moneys, funds, and accounts. Investment earnings credited to the fund must become part of it.

The bill makes the trust an instrumentality of the state and requires it to perform essential government functions under the bill. It must receive and hold all payments and deposits or contributions intended for it, plus any gifts, bequests, and endowments; federal, state, or local grants; any other funds from a public or private source; and all earnings until disbursed under the bill's provisions.

Under the bill, the amounts deposited in the trust are not state property, and the trust must not be construed as a state department, institution, or agency. Amounts in the trust cannot be comingled with state funds, and the state must not have any claim to or against, or interest in, the funds. If the fund is terminated by law, however, any unclaimed funds become assets of the state.

Any contract or obligation made by the trust is not a state debt or obligation, and the state does not have any obligation to a designated beneficiary or any other person because of the trust. All debts owed by the trust are limited to the amounts available to pay the debt deposited in the trust. The trust must exist (1) as long as it holds any deposits or

has any obligations and (2) until it is terminated by law.

The law for determining when property held by a fiduciary is presumed abandoned applies to the trust's property (CGS § 3-61a). Thus, property in the trust is presumed abandoned unless, within seven years after it became payable or distributable, the owner has (1) increased or decreased the principal; (2) accepted payment of principal or income; (3) corresponded in writing with the fiduciary concerning the property; or (4) otherwise indicated an interest through a memorandum on file with the fiduciary.

State Treasurer's Duties

The bill makes the state treasurer responsible for receiving and investing money held by the trust. The trust can only receive cash deposits, and no depositor or designated beneficiary may direct the investments of any contributions or amounts in the trust other than the specific fund options the trust provides.

The bill requires the treasurer, on behalf of the FMLI Trust Fund and for its purposes, to:

- 1. receive and invest the trust's funds in any instruments, obligations, securities, or property required under the bill;
- 2. procure insurance, if she deems it necessary, to protect the trust's property, assets, activities, deposits, or contributions; and
- 3. apply for, accept, and expend gifts, grants, or donations from public or private sources to carry out the trust's objectives.

The bill requires the treasurer to invest the trust's fund in a manner reasonable and appropriate to the trust's objectives, using the discretion and care of a reasonable person in similar circumstances with similar objectives. The treasurer must give due consideration to (1) rate of return; (2) risk; (3) term or maturity; (4) diversification of the trust's total portfolio; (5) liquidity; (6) projected disbursements and expenditures; and (7) expected payments, deposits, contributions, and

gifts to be received.

The bill prohibits the treasurer from requiring the trust to invest directly in (1) any obligations of the state or its political subdivisions or (2) any other treasurer-administered investment or fund. The trust's assets must be continuously invested and reinvested in a manner consistent with the trust's objectives until they are disbursed under DOL's order or spent on the trust's operating expenses.

The bill places the treasurer's trust investments under the same oversight and requirements the law establishes for treasurer-administered funds, including the Teachers' Pension Fund, the State Employee Retirement Fund, and the Connecticut Municipal Employees' Retirement Fund.

§ 7 — FMLI PUBLIC EDUCATION CAMPAIGN

The bill requires DOL, in consultation with the state treasurer, to conduct a public education campaign to inform the public and employers about the FMLI program. The campaign must at least include information about (1) the requirements for receiving benefits under the program and (2) how to apply for benefits and the circumstances under which benefits may be available. The bill allows DOL to use funds from the FMLI Trust Fund for the public education campaign. Information distributed or available under the campaign must be in English, Spanish, and any other language the department prescribes.

§ 10 — EMPLOYER NOTICE REQUIREMENT

Starting July 1, 2021, the bill requires all employers with at least two employees to notify their employees at the time of hiring and every year thereafter:

- 1. of their entitlement to family and medical leave, as amended by the bill, and family violence leave, and the terms under which the leave may be used;
- 2. that employer retaliation against an employee for requesting,

applying for, or using family medical leave for which an employee is eligible is prohibited; and

3. that the employee can file a complaint with the labor commissioner for any violation of the FMLA or family violence leave law, as amended by the bill.

The labor commissioner may adopt regulations to establish additional requirements about how employers must provide notice.

§ 12 — SEVERABILITY AND EXCEPTIONS

The bill specifies that its FMLI provisions are severable, and if any are found to contravene state or federal law, then the remainder remain in full force and effect. It also specifies that nothing in its FMLI provisions or the FMLA, as amended by the bill, (1) prevents employers from providing more expansive benefits; (2) diminishes any rights provided under a collective bargaining agreement; or (3) preempts or overrides the terms of any collective bargaining agreement in effect before the bill is enacted.

§ 13 — REPORT REQUIREMENT

Beginning by July 1, 2022, the bill requires the labor commissioner to submit an annual report to the Labor and Appropriations committees on:

- 1. the projected and actual participation in the program;
- 2. the balance in the trust;
- 3. the size of employers at which covered employees are employed;
- 4. the reasons why covered employees are receiving FMLI benefits;
- 5. the success of DOL's outreach and education efforts; and
- 6. demographic information on covered employees, including

their gender, age, town of residence, and income level.

§§ 14-19 — CHANGES TO CURRENT FMLA

Covered Employers & Employee Eligibility

Current law requires private-sector employers with at least 75 employees to provide eligible employees with unpaid FMLA leave. The bill reduces this employee threshold from 75 to two.

Under current law, private sector employees are eligible for leave once they work for their employer for at least 12 months and 1,000 work-hours before taking leave. The bill instead makes an employee eligible after working for at least 6 months and 500 work-hours before taking leave.

Maximum Leave Duration

The bill changes the maximum amount of leave an employee may take from 16 weeks over a 24-month period to 12 weeks over a 12-month period. It also allows an additional two weeks of leave due to a serious health condition during pregnancy that results in incapacitation.

Uses of Leave for Serious Health Conditions

Current law allows employees to take leave for their own serious health condition or to provide care when their children who are either under age 18 or unable to care for themselves, their spouses, or their parents (including in-laws) have a serious health condition.

The bill expands the family members for whom an employee can take leave to include the employee's adult children, siblings, grandparents, and grandchildren. All of these family members include those related by adoption. Siblings, grandparents, and grandchildren also include those related by marriage. The bill also allows an employee to take leave to care for anyone else with a serious health condition if they are related by blood or have a close association with the employee that is equivalent to a family member.

Military Caregiver Leave

The law allows employees covered by the FMLA to take a one-time benefit of up to 26 weeks of unpaid leave when certain family members or "next of kin" in the armed forces undergo treatment for an injury or illness incurred in the line of duty. The bill allows these employees to receive up to 12 weeks of FMLI benefits while on this leave. It also allows the injured armed forces member to designate someone as their "next of kin" (thus making them eligible for the leave) if their close association with the employee is the equivalent of a family member.

Employer-provided Paid Leave

Current law allows an employer to require employees to use their accrued employer-provided paid vacation, personal, family, medical, or sick leave during the time they are on FMLA leave. Employers can no longer require this under the bill. By law, unchanged by the bill, employees can opt to use their employer-provided paid leave while they are on FMLA leave.

Current law requires employers to allow their employees to use up to two weeks of their employer-provided paid sick leave for a spouse's or child's serious health condition or the birth or adoption of a child. The bill expands this requirement to include serious health conditions of siblings, grandparents, and grandchildren (including those related by marriage) or anyone else related by blood or whose close association with the employee is equivalent to a family member.

Confidentiality

With certain exceptions, the FMLA requires employers to keep records and documents related to their employees' medical histories and medical certifications as confidential medical records under the state's Personnel Files Act. The bill extends this requirement to include the same records related to providing FMLI benefits.

BACKGROUND

Related Bill

sHB 5387, reported favorably by the Labor and Public Employees

Committee, is identical to sSB 1.

COMMITTEE ACTION

Labor and Public Employees Committee

Joint Favorable Substitute Yea 7 Nay 6 (03/20/2018)